NSC DRAFT BRIEFING



## TRIESTE

The latest move in the current crisis over Trieste is

Marshal Tito's 6 September speech. Its terms were mild and

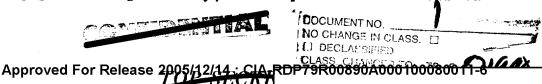
objective, and the occasion passed without immediate violence,

either along the border or in the Free Territory.

In his speech Tito reverted to an ostensibly uncompromising position by stating that:

- (1) Trieste city should be internationalized;
- (2) the remainder of Zone A and all of Zone B should go to Yugoslavia;
- (3) previous compromise suggestions for a condominium or a division of the territory should be
  forgotten.

By these proposals Tito evidently hopes at the least to prevent further concessions to Italy in Zone A, strengthen his bargaining position generally, and improve his chances of



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NATO. If, on the other hand, Washington helped Italy get a favorable solution on Trieste, other international questions such as EDC and US military bases in Italy would be resolved without much difficulty.

What Pella might be willing to settle for was indicated in a 3 September conversation with Ambassador Luce in which he reiterated that Trieste was the big issue confronting the Italian people. He emphasized a solution based on a plebiscite and the establishment of a continuous ethnic line, but did not rule out the "provisional" solution. This would be based roughly on a division of the territory along present zonal boundaries with certain ethnic modifications.

The present danger spot seems to be Trieste itself, where

pro-Italian elements may riot		25X

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getting the United States and Britain to impose some entirely new solution on Italy.

It is possible that he hopes actually to get Zone A internationalized. At worst, he can continue to sit tight in possession of Zone B and employ the threat of annexation to block concessions to Italy in Zone A.

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in his s	speech Tito	implied	that n	one will	be moved	l unless	there
is an I	talian-insp	oired inci	dent.				

Tito evidently believes that at the moment he is leading from strength. In addition to his possession of Zone B, Yugo-slav-Western military collaboration is becoming a reality.

The Western powers have implied to him that this collaboration

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	is of paramount importance.	
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Tito can probably see his bargaining position weakening in the long run as a Soviet-inspired trend toward relaxation of East-West tensions develops.

The immediate unofficial Italian reaction to Tito's speech was sharply unfavorable. Premier Pella is expected to continue his previous firm stand in a speech scheduled for 13 September.

Pella has taken a consistently strong position since the current crisis began on 29 August. Besides making the minor military moves mentioned above, he told the American embassy that he would resign if Yugoslavia annexed Zone B and Italian troops were prevented by the Anglo-American occupation forces from taking over Zone A. He added that such a move by Yugo-slavia would make it "most difficult" for Italy to remain in

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cessions were necessary in order to appease Italian public opinion and prevent the fall of the government.